

contracts, and relating generally to annuity contracts.

BY repealing and re-enacting, with amendments,

Article 48A - Insurance Code
Section 408A
Annotated Code of Maryland
(1972 Replacement Volume and 1973 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 408A of Article 48A - Insurance Code, of the Annotated Code of Maryland (1972 Replacement Volume and 1973 Supplement) be and it is hereby repealed and re-enacted, with amendments, to read as follows:

Article 48A - Insurance Code

408A.

(a) In the case of annuities other than those covered by subsection [(b)](C), there shall be a provision that, in the event of default, in premium payments after three full years' premiums have been paid, the annuity shall, without any further act or stipulation, be converted into a paid-up annuity for such proportion of the original annuity as the number of completed years' premiums paid bears to the total number of premiums required under the contract[.], OR INTO A PAID-UP ANNUITY OF AN AMOUNT, IF GREATER, WHICH IS THE ACTUARIAL EQUIVALENT OF ANY CASH SURRENDER VALUE REQUIRED UNDER SUBSECTION (B).

(B) IN THE CASE OF ANNUITIES OTHER THAN THOSE COVERED BY SUBSECTION (C), THERE SHALL BE A [[PROVISIONS]] PROVISION THAT, IN THE EVENT OF DEFAULT IN PREMIUM PAYMENTS, THE CONTRACT HOLDER SHALL HAVE THE OPTION OF SURRENDERING THE CONTRACT FOR ITS CASH SURRENDER VALUE PRIOR TO THE DATE OF COMMENCEMENT OF ANNUITY PAYMENTS. THE CASH SURRENDER VALUE AS OF THE DATE OF DEFAULT SHALL NOT BE LESS THAN AN AMOUNT DETERMINED AS FOLLOWS: IN THE EVENT OF DEFAULT IN PREMIUM PAYMENTS (1) AT ANY TIME DURING THE FIRST CONTRACT YEAR, 60 PERCENT OF ALL CONSIDERATIONS PAID UNDER THE CONTRACT; (2) AT THE END OF THE SECOND CONTRACT YEAR, 70 PERCENT OF ALL CONSIDERATIONS PAID UNDER THE CONTRACT; (3) AT THE END OF THE THIRD CONTRACT, 73 1/3 PERCENT OF ALL CONSIDERATIONS PAID UNDER THE CONTRACT; (4) AT ANY TIME DURING THE SECOND OR THIRD CONTRACT YEAR, OTHER THAN AT THE END OF THE SECOND OR THIRD YEAR, THE SUM OF 60 PERCENT OF ALL CONSIDERATIONS PAID UNDER THE CONTRACT DURING THE FIRST CONTRACT YEAR, PLUS 80 PERCENT OF ALL